

*A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe*



VOLUME III, NUMBER 9

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NOVEMBER 1, 1933

## President Sets Forth New Monetary Plan

Prospect of a Managed Currency Described in Talk With American People

### OUTLINES PROGRESS TO DATE

Complaints of Farmers Receive Attention as Roosevelt Reassures Them

President Roosevelt delivered an important address to the American people on Sunday evening, October 22. He told of the progress that has been made since last spring in the effort to bring the country out of depression. He gave figures to show that unemployment has been materially reduced. He discussed some of the measures which have been taken to assist the farmers and he said specifically that commodity prices would be raised by one means or another. Most important of all, he made a declaration as to the government's monetary policy, suggesting that we are moving toward a "managed currency."

#### The Setting

In order that we may understand the significance of many of the things which the president said, it is necessary that we take note of the conditions under which the address was given. These conditions are quite different from those which prevailed in July when the last preceding radio address of the president was made to the American people. In July the country was very hopeful. There had been a rapid increase in production. Many men were being reemployed. Prices were rising. We now know that some of these increases were speculative. They were coming too fast and could not continue, but there was a general impression three months ago that we were moving rapidly toward prosperity and that the forces of depression were on the run.

Since then we have been going through a period of discouragement. The swift increases in production have not continued. There have been declines in most lines of business activity. Employment is, indeed, increasing and purchasing power seems to be going up somewhat, but production of most articles is still going down and the improvement in business usually expected in the fall is not now being experienced.

It is natural that all this should put a damper on the enthusiasm of people and that many of them should begin to show impatience with the recovery program. This impatience is strongly marked in the farming regions of the Middle West. Farm prices fell badly during the third week of October. Wheat on the Chicago market dropped during that week from eighty-five cents a bushel to sixty-nine cents. Cotton fell from 9.42 cents per pound in New York to 8.58 cents. Out in the wheat country—Kansas for example—wheat was selling for around fifty cents a bushel whereas it sold for as high as a dollar a bushel in July. Other farm prices were down. At the same time prices of the things the farmer buys are not declining. They are moving slowly upward, and, on the average, they are probably more than ten per cent higher than they were a year ago.

(Concluded on page 7, column 1)



—Brown in N. Y. Herald-Tribune  
HELPING THE TORTOISE ALONG

## Maintaining Your Independence

We are reminded too often of the bestiality of mobs. A lynching a few days ago in Maryland is but one of many recent illustrations. Lynching has become a national disgrace. There is no reasonable excuse for it. It represents a relapse into violence and brutality which, if continued, might threaten the stability of our governmental institutions. But it is not concerning the specific problem of lynching that we wish to speak to our readers at this time. It is rather the effect of mobs or crowds upon the thinking and conduct of individuals. There is danger in this influence for it is nearly always evil. The individual, standing alone, has developed a personality, a conscience, standards of conduct. In most cases he is guided, to a considerable extent, by his judgment. When he gets into a crowd, however, he tends to lose his individuality and to become an unreasoning member of the group. He loses his distinctive personality and goes with the herd. Since all, or nearly all, the members of the crowd, lose their own distinctive characteristics, what remains? Only the animal impulses present in all persons. And when you save only those impulses which are common to all you have weeded out the finest fruits of civilized life. You have left only a lowest common denominator of desires, purposes and impulses. That is why the action of crowds is likely to be less worthy than the action of any but the lowest individuals would have been had they acted alone. Now this rule applies not only to mobs but to other forms of mass action. Even though people may not be assembled together in physical proximity we may see some of the manifestations of crowd behavior. When waves of fear or anger or anxiety or panic sweep over the country, as they do sometimes, individuals tend to lose the benefit of their own personal judgments and to go along with the masses in their emotions. Individuality tends to submerge in times of crisis, such as war or the threat of war. Mass psychology dominates. Individual thinking almost ceases. Now and then we find a man or woman whose mind is so thoroughly disciplined that it continues to function normally even in times of crisis; even in times of popular hysteria. Now and then there is one who maintains his own personality in a crowd or in a period when mass psychology tends to obscure reason. Such a person is so masterful that he does not allow emotions such as anger or fear to throw him off the track easily. He is the captain of his soul in time of national crisis and on the more frequent occasions of personal or family crisis. Such is the type of individuality everyone should try to cultivate. It is the sort education should develop. The development of that sort of personal independence should stand as a goal for each self-respecting and purposeful student.

## Roosevelt Prepares to Recognize Soviet

Invites Kalinin to Send Representative for Discussion of Outstanding Problems

### LITVINOFF TO ARRIVE SHORTLY

Expected to Negotiate Agreement for Improvement in Our Trade

President Roosevelt has moved toward the recognition of Soviet Russia. On October 10 he addressed a note to Mikhail Kalinin, president of the Central Executive Committee of the U. S. S. R., expressing his willingness to discuss with a representative of the Soviet government the various issues which have heretofore blocked recognition. President Kalinin replied that the Soviet government would be glad to act upon the suggestion and would send Maxim Litvinoff, people's commissar for foreign affairs, to Washington. Litvinoff is one of the ablest of present-day diplomats. His position in Russia corresponds to that of secretary of state in this country. He is expected to arrive early this month and the negotiations scheduled to follow will almost certainly result in America's recognition of the U. S. S. R.

#### Past Policy of U. S.

Thus, Mr. Roosevelt is preparing to break another precedent, one which has lasted for sixteen years. The successive administrations of Presidents Wilson, Harding, Coolidge and Hoover, have steadfastly refused to establish normal diplomatic relations with Moscow. Broadly, this policy was based on our contention that the Soviets were not behaving properly as a member of the family of nations and that consequently other governments should take no notice of them. Specifically, there were three reasons for this stand on our part.

First, the Communists when they seized power in 1917, declared that they would not be responsible for the debts contracted by former Russian governments. Those obligations, they held, were contracted in order that war might be carried on among the capitalist nations and they saw no reason why the workers in Russia should be made to foot the bill. The United States was concerned with this decision because it had lent \$86,000,000 to the czar and \$187,000,000 to the Kerensky government, which was established after the fall of the czar in March, 1917, only to crumble a few months later after a sudden coup by Lenin and his comrades. If interest is computed on these loans the amount due comes to well over \$400,000,000.

#### Other Reasons

Secondly, the Communists in 1917 promptly confiscated all property belonging to foreigners for which compensation has never been made. Americans had considerable sums invested in Russia, and while the exact figure is not available, reliable estimates place the outstanding claims at from \$300,000,000 to \$400,000,000. If this is added to the loans made to former Russian governments, the total of American financial losses in Russia will be close to \$800,000,000.

Thirdly, the Communist party in Russia, through an organization known as the



Third International, has, in the past, avowedly sought revolutions in other countries, its aim being to establish Communism in all parts of the world. The Third International has many branch offices outside of Russia and has constantly endeavored by spreading propaganda to incite the working classes in different nations to revolt against their government. The Soviet government has frequently disclaimed all responsibility for the activities of the Third International, stating that it had no control over that body. Other nations, however, have refused to accept this view and have pointed out that certain individuals have been members of the Third International and also officials of the Soviet government and that, in this light, it was hard to believe that the two organizations were completely separate.

#### Russian Counter Claims

These are the problems which have prevented our recognition of Soviet Russia and it is certain that they will be among the principal topics of discussion between President Roosevelt and Maxim Litvinoff. It is not believed, however, that they will prove insurmountable. The very fact that Mr. Roosevelt invited Russia to send a representative indicates that he believes there will not be much difficulty in overcoming the obstacles. For one thing, a somewhat different situation confronts him than did his predecessors. With regard to the debts, Russia can logically point out she can hardly be expected to pay fully now that other nations owing war debts to the United States are not paying. These other European obligations will most likely be scaled down to a fraction of what they were when contracted. We cannot, therefore, ask more of Russia than we are asking of Europe.

Moreover, the Soviet government has what are believed to be well founded claims against other governments. These arise from the allied intervention in Russia in 1918, in which the United States joined. A military campaign was carried on in Russia in an effort to disperse the Communists. The venture failed but the Soviets claim that much damage was done and that restitution must be considered in any discussion of the financial relationship between Russia and other countries. Whenever the subject has been broached on previous occasions the Russian counter-claims have always been large enough to take care of any debts charged up to the Soviet government.

All this evidence will be sifted and examined in the negotiations which are to take place in Washington. If no satisfactory solution is found the Soviets are said to have still another card up their sleeve. While they will refuse to recognize the validity of the debts, it is suggested that they might be willing to pay a somewhat higher rate of interest on future loans and credits. In this way some compensation would be made for debts which are now in default.

The question of claims advanced by private citizens against Russia will not be any more difficult to settle, it is believed. There are indications that the Soviet government might be willing to enter into business agreements by which it would agree to pay a somewhat higher price for certain goods purchased in this country. Out of this surplus some adjustment of the private claims could probably be made.

Nor is it considered that the issue of Soviet propaganda, hitherto the most serious obstacle to recognition, will prove insurmountable. Here again a new and different situation exists. When the Communists first came to power they firmly believed that a world-wide Communist revolution must come as soon as possible. It was as essentially a part of their program as was the establishing of Communism in their own country. To this end

they spurred the Third International and approved any and all measures to foment world revolution. But in recent years there has been a change in the policy of the Communists. They have come to the realization that they need something more than mere propaganda to incite revolt in other countries. They must first prove that Communism affords a workable system of government. If they can make it operate successfully in their own country, others will be more inclined to take it up. Accordingly, a soft pedal has been placed upon the activities of the Third Interna-

tured goods. In the past, the United States has enjoyed a fair proportion of Russian trade, the high mark having been reached in 1930 when our exports to the Soviets totaled \$111,000,000. Since then, however, they have declined rapidly and last year amounted only to \$9,000,000.

Soviet authorities have often hinted that if we recognized their government their purchases in this country might run into the billions. They are badly in need of many things produced in this country but will not expand their purchases so long as we treat them as outcasts, and so long as

Soviet Russia we shall also have to increase our imports to some extent. It is suggested that part of the Russian purchases could be repaid by the importation in this country of such raw materials as ores, furs, jewels, lumber and pulpwood. In this connection important questions will arise as Mr. Roosevelt and Mr. Litvinoff discuss Soviet American trade. It has often been charged in the past that many goods are produced in Russia by convict or forced labor and sent out into world markets in competition with regular free labor. The Soviets have disputed this charge but it has hindered trade relationships. The Soviet government has also been accused of dumping—selling at very low cost—its goods in other countries in order to obtain the necessary gold to pay for its imports. Foreign trade in Russia is a government monopoly. The price of goods sold abroad is subject to regulation by the Soviet government. It can raise or depress it at will. All this will have to be gone into in the negotiations to be held in Washington. It seems certain that a trade agreement will be drawn up to regulate our commercial relations with Russia in which all points will be made clear.

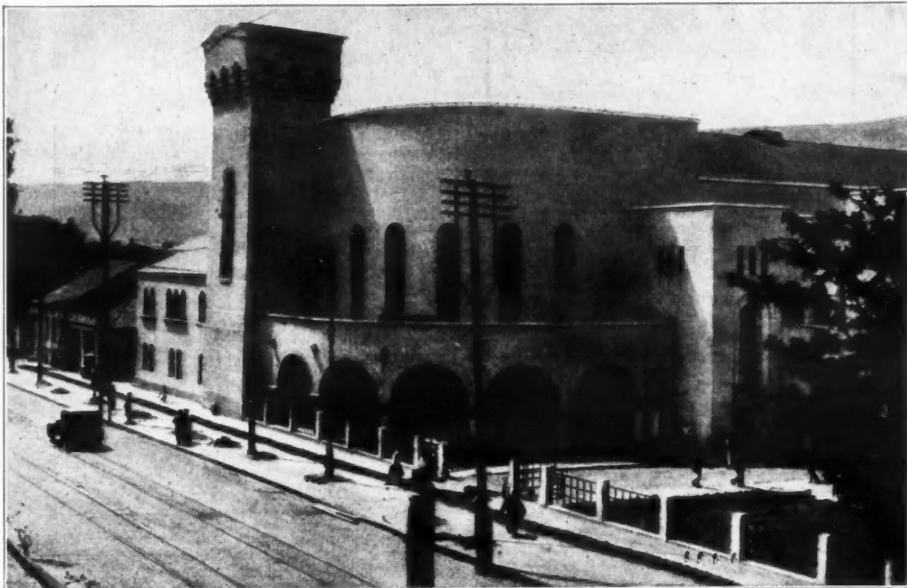
#### What Russia Hopes to Gain

Mr. Litvinoff will surely be as conciliatory and obliging as possible without sacrificing the dignity of the Soviet government. Russia has always been anxious to obtain recognition from the United States. Her prestige will be heightened by it, and there will no longer be any doubt about her position as a major world power. Aside from this, recognition will have an effect on the general international situation, which will be beneficial to Russia.

Ever since 1931 the Soviets have been living in perpetual fear of war with Japan over Manchuria. They have done everything possible to avoid such a war because they wished to concentrate their energies on the Five Year Plan. In recent months, however, relations between Moscow and Tokyo have become tense as the result of a dispute involving the Chinese Eastern Railway in Manchuria. The danger of war looms more ominously than ever. Japan, moreover, is said to be casting envious eyes at Vladivostok, Russia's important Siberian port. According to reports they hope to annex the region surrounding this city to Manchukuo.

In the face of this threat the Soviet government has been looking anxiously to strengthen its international position. American recognition, it is believed, will do much to forestall war in the Far East. We shall be in a position to place our influence alongside of Russia's to prevent an outbreak. In the past the Japanese have not worried about diplomatic interference from us in questions concerning Russia, because we did not recognize that country. But now, if we do grant recognition to Russia, we shall be in a position if we wish to apply pressure in preventing war. To many, this is the most important aspect of our prospective recognition of Moscow.

Recognition is also calculated to improve the international situation in other ways. Europe has been thrown into confusion by the sudden resignation of Germany from the disarmament conference and the League of Nations. The peace machinery laboriously built up since the war is threatened with total collapse. Anything which might help to counteract the present war-like spirit is considered fortunate. Neither Russia nor the United States is a member of the League but they have both worked in the cause of peace. However, lack of recognition has often proved a handicap to effective international cooperation. By healing the breach between the United States and Soviet Russia, therefore, it is believed that the forces working for peace will have registered an important gain.



A MOVIE STUDIO IN MOSCOW

tional and Communist propaganda is no longer the important issue it formerly was. Moreover, it is pointed out that Communism has made little headway in the United States, even in this time of severe depression. In the last presidential election, William Z. Foster, the Communist candidate, polled something under 70,000 votes. This is nothing to cause very much concern.

#### The Trade Factor

It is certain, however, that President Roosevelt will exact a promise from Mr. Litvinoff that Communist propaganda di-

rected from Moscow will be curbed in this country. There are many people in the United States who have opposed and still oppose recognition on this ground. Mr. Roosevelt will surely obtain the strongest guaranty possible in order to allay the fears of opponents of recognition.



A SOVIET POWER PLANT

Public opinion is generally approving of President Roosevelt's step. Many people have become convinced that recognition of Russia would be advisable because of the trade advantages which would follow. Russia affords one of the greatest markets in the world for raw materials and manufac-

Loans of this kind are considered safe for the Soviet government has never failed to make a single payment on any obligation maturing in another country.

It is likely that the billion-dollar sum for Soviet purchases spoken of is exaggerated. More conservative estimates place the exports we may expect annually at about \$350,000,000. Even that would be three times as large as the figure established in 1930. And it is further estimated that this additional business will provide 300,000 new jobs in this country.

Of course, if we increase our exports to





VER the radio last week, President Roosevelt urged the nation to support the Community Chest drive which is now under way. He said that the national government will spend millions of dollars for the purpose of helping those who are in need during the coming winter, but that local communities must also do their part.

It is true that nearly 4,000,000 people have gone back to work in recent months and that business is better. But there are still between 9,000,000 and 10,000,000 people out of work. Their savings are about exhausted. Most of them and their families are wholly dependent upon outside aid for their existence. So this explains the unusual need for a successful Community Chest drive.

#### Disarmament Conference

The date on which the Geneva Disarmament Conference would reconvene was uncertain last week. Originally, it was intended to meet October 16. Because of Germany's sudden withdrawal from the League of Nations and the arms conference, however, the date was moved up to October 26. As this paper goes to press there is some doubt as to whether further juggling of dates will not result in the postponement of the conference until after the German elections November 12. It is realized that no constructive arms proposals can be agreed upon without Germany's participation.

#### Congresswoman from Arizona

A new woman member of the United States House of Representatives will be present at the opening of Congress in January. She is Mrs. Isabella Greenway. A few weeks ago she was elected to the House from an Arizona district to fill the vacancy created by the appointment of Lewis Douglas as director of the budget.



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ISABELLA GREENWAY

Mrs. Greenway is a very close friend of the Roosevelts. Her father went into partnership with Theodore Roosevelt in a sheep ranch in North Dakota about fifty years ago. Later, Mrs. Greenway became a schoolmate of Eleanor and Alice Roosevelt in New York. She undoubtedly will be a frequent visitor to the White House during her term as congresswoman.

Her long years of ranching in the West have made her sympathetic toward the worker and the farmer. She may be expected to represent their interests in Washington.

#### LL. D. for F. D.

President Roosevelt recently received the Doctor of Laws degree from Washington College in Chestertown, Maryland. The president then delivered an address at this college which was founded by George Washington. He drew much applause when he said:

"The wider we can have a distribution of wealth in the proper sense of that term the better we will be able to see that every man, woman and child will not have to stay awake at night wondering where they will get food. Then and then only will we have the security which means so much."

#### Transatlantic Air Service

It is the opinion of Charles A. Lindbergh that the Pan-American Airways should wait until winter has passed before making any decision to launch a northern Transatlantic Air Service. He says that weather conditions were satisfactory during his short stay in the North, but that more extended experiments should be made in colder weather. He is not discouraged, however, and believes that a safe route eventually can be mapped out. Mrs. Lindbergh and he are planning to return to this country soon from their European trip.

#### Race Prejudice

Can racial prejudice be overcome by education? Professor Harvey W. Zorbaugh, director of the clinic for gifted children of the School of Education of New York University, contends that it can be. He says that the University's School of Edu-

cation recently made a study which proves to him that education can reduce social prejudice and create in children a more tolerant attitude toward those of a different race, color and creed.

#### Textbook Indigestion

Dr. William J. Mayo, one of the founders of the famous Mayo Clinic in Rochester, Minnesota, told a gathering of prominent medical scientists that our present form of education is not satisfactory. He said:



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WILLIAM J. MAYO

"We have been teaching our youth too much memorizing of things out of the past. It does not matter one whit how much knowledge of the principles of medicine, law, engineering or any other profession a youth may have poured into his memory if he does not know how to use it. The youth who

desires to practice medicine in the coal fields should know something of coal mining. The same is true of the man who is to practice medicine, law or anything else in agricultural country. Our present system of leading to a narrow cultural aristocracy does not allow that. Textbook indigestion, brought on by years of cramming down the knowledge poured into the youth, is not the wisdom of dealing with his fellow man."

#### Nobel Prize to American

Thomas Hunt Morgan, American biologist, has won this year's Nobel prize for medicine. This is the highest distinction in the way of a prize that can come to a person in the scientific field. In addition to the honor, Dr. Morgan receives a cash prize of about \$40,000.

The Nobel prizes were founded by Alfred Nobel, a Swedish chemist and inventor of dynamite. Nobel, before his death in 1896, had amassed a fortune through the manufacture of explosives. Most of his fortune was left in trust for cash prizes which are awarded each year to the persons who have contributed most to the cause of peace, to literature, medical science, chemistry and physics.

Dr. Morgan has been recognized for years as one of the world's greatest authorities in biology, particularly in the study of evolutionary theories. He is known as a leading supporter of the theory of creative evolution. Creative evolution means the purposeful development of animals. It is believed by such scientists as Dr. Morgan that animals of various classes can develop during centuries of time into higher and higher forms, and that it may be possible to some extent to help and regulate this advance in the future. The purpose of their study is to try to find out how life develops into higher forms and adapts itself to changing conditions. Dr. Morgan has been the director of the lab-

oratories of biological science at the California Institute of Technology since 1928.

#### "Something More Drastic"

Dr. James Rowland Angell, president of Yale University, recently expressed his opinion that if the recovery program fails "something more drastic may well succeed it, for men will not indefinitely tolerate the continuation much less the repetition of the hopeless mess our earlier economic and political systems have landed us in."

This is an interesting point of view when one considers that it comes from the president of one of our oldest and most conservative universities. Dr. Angell went on to say that in the past we have lived under a highly competitive and uncontrolled industrial system which has forced labor to accept the lowest possible wages, "with a view to the largest possible returns to directors and stockholders. Now we have entered on the road which leads to a determination of wages in terms of decent and socially sound conditions of life for the laborer and his neighbor." Whether we can continue to construct a planned society without more drastic action than is now being taken, Dr. Angell said, remains to be seen.



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JAMES R. ANGELL

#### White House Correspondence

The White House mail appears to be breaking all records. It has increased from an average of 600 letters a day in the last administration to 3,800 letters a day at present. Part of this increase is due to the desire of people to gain first-hand information on certain aspects of the recovery program. However, it is largely due to the fact that President Roosevelt takes a personal interest in White House mail, answering several hundred letters a day himself, and seeing that his secretaries give a personal touch to the remainder.

#### Public Utilities

The Public Ownership League of America sponsored a conference in Chicago several days ago. Three hundred delegates attended. They brought reports in the attempt to show that municipal ownership of electric, water and gas plants is more desirable than private ownership of these utilities. Here are some of the reports in condensed form:

1. Los Angeles made a net profit of \$3,900,000 last year, although its charges were lower than private company charges in the same region. 2. Washington, Indiana, has not only made enough money from its municipal light and power company to reduce taxes, but also to give work to hundreds of people by keeping several factories running through the depression. 3. Jacksonville, Florida, has reduced electric costs from twenty-eight cents per kilo-

watt hour to seven cents, and yet last year showed a profit of \$1,000,000.

Other reports showed how profits from municipal-owned power plants have been used for making much-needed community improvements during the depression. It was stated at the conference that there are now 2,000 municipally-owned electric light and power plants in the United States.

#### Small City Schools

The United States Office of Education has published a study of the school situation in small cities. This study shows that the receipts for current expenses fell off \$34,000,000 last year from 1930 and at the same time, there was an increase of 1,000,000 children, thus greatly increasing necessary expenses.

#### Irony of History

The United States has waited sixteen years to take a step which will probably lead to the opening of diplomatic relations with the Soviet government. It is interesting to note that when this country won its independence from England the czarist government in Russia waited thirty-three years to recognize the United States. Catharine II, who was in power most of that time, looked on our revolutionary leaders as ruthless radicals. She was afraid that they would attempt to undermine the czarist régime. Finally, however, Alexander I came into power and recognized the United States.

#### French Cabinet Falls

The French cabinet, headed by Premier Daladier, was overthrown last week. The premier fought to the very last for a program to balance the budget, which shows a prospective deficit of more than \$300,000,000. He declared that the government might have to resort to the "printing presses" in order to meet operating expenses unless his economy and taxation program were accepted. His program called for reduction of war pensions and of salaries paid to government employees.



© Acme  
EDOUARD DALADIER

Large numbers of French people, however, have been rebellious against increased taxation. Their representatives in the Chamber of Deputies voted against Premier Daladier. Then, too, the Socialist deputies were opposed to reducing war pensions and government salaries. It was chiefly the Socialist opposition that defeated the Daladier cabinet.

Premier Daladier is a Radical Socialist. Strange as it may seem, this party is not as radical as the Socialist party. Both these parties are very strong, however, and their leaders will most likely be represented in the new cabinet, the same as they were in the Daladier cabinet.

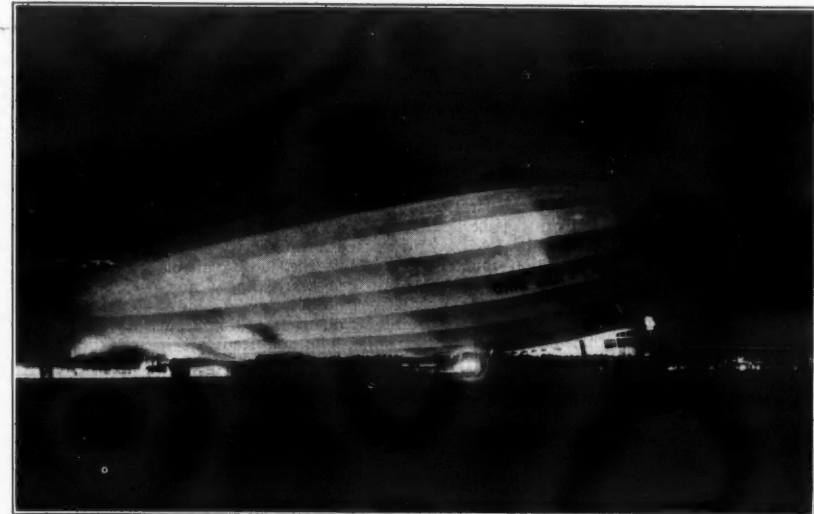
#### World Depression Wanes

World depression is taking a beating, according to reports that arrive daily at the League of Nations. These reports show that conditions are immeasurably better in twenty countries from which statistics are available. Not only has unemployment been substantially reduced in these countries but other business indicators show that they are a great deal better off than they were last year. These reports do not mean that world prosperity has returned in full bloom but they do convey hope.

#### A Check on Industry

A far-reaching step has been taken in the cotton textile industry to eliminate technological unemployment, that is, unemployment caused by the increased use of machinery. From now on, a cotton textile manufacturer cannot install a new machine without permission from the code authority for that industry. This is an attempt to check the installation of new labor-saving machinery in this industry until all unemployed textile workers are provided with jobs.

Of course, this will not be good news to manufacturers of machinery or to the men employed or hoping for employment in the machine-making industries. We have here an illustration of the difficulty of making progress in one direction without impeding it in another. Our industrial civilization is too complex to be easily managed.



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THE GRAF, PRIDE OF ALL GERMANS, IS NOW IN THIS COUNTRY



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## The Farm Strike

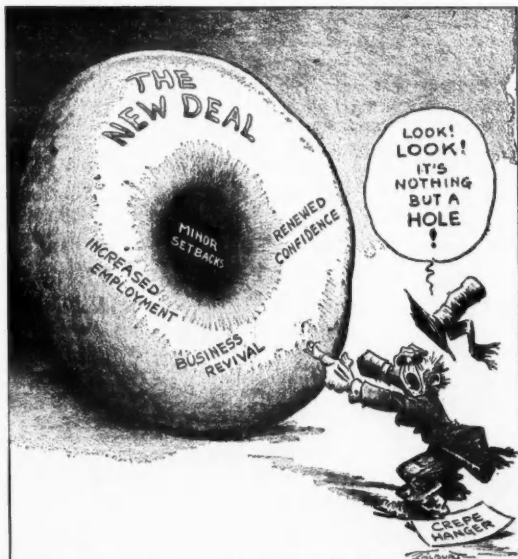
The farmers of the nation have unquestionably suffered deeply from the depression. One cannot but sympathize with them as they see the prices of their products falling while the prices of the things they buy are rising. That sort of thing has been happening to the farmers for a good many years. It appeared to be checked early in the summer, but in the late summer and fall farm prices fell decidedly while the prices of manufactured goods, spurred on in part by the NRA, advanced.

But one can sympathize with the farmers without approving the tactics of those farmers, and perhaps their number will turn out to be relatively small who are undertaking to bring about a general farm strike which would prevent the selling or shipment of the products of the farm. A strike against the government or against other classes of the population might possibly be used successfully and justifiably as a weapon with which a disinterested government might be prodded into attention to grievances. But the Roosevelt administration, whatever its faults and weaknesses may be, and however short the results may have come of intentions, has not been inattentive to the farm problem.

The administration has not solved the problem; that is true. It has not given the farmers decidedly higher prices for their products. But it has tried to do it. It has adopted drastic means to accomplish that purpose. It has been radical in the steps it has taken. It has consulted farm leaders and, in so far as agreement could be had among them, it has given them the legislation they have wanted. It has brought together the leading agricultural economists of the nation and these agricultural economists and practical agricultural leaders have been working night and day to rescue the farmers from the lamentable situation in which they find themselves.

The government has gone so far as to place a processing tax upon food, a tax upon the necessities of life, a tax which must be paid by a hungry and impoverished population in order that, if possible, farmers may have better prices for their products. If this program does not work for the benefit of farmers it will not be because the government has not tried to help them. It will not be because heavy sacrifices in the interest of the farmers have not been imposed upon the rest of the population. It will be because the forces making for the impoverishment of the farmers are so complex as to baffle and thwart a benevolent administration.

Perhaps the agricultural program which has been adopted will not work. It is certainly too early now to say whether it will or not. If the crop reduction provided for by the agricultural administration does not bring higher prices, resort will, of course, be had to



CAN'T SEE THE DOUGHNUT FOR THE HOLE

—Talburt in Washington News

other remedies. The president admits that the agricultural program is experimental.

But why has something definite not been accomplished? Many of the farm leaders seem to assume that evil or heedless forces are at work to keep justice from their door. The trouble is rather that agricultural relief is a tremendously difficult job. The farmers themselves cannot agree upon a remedy. Neither can the agricultural economists. Neither can the politicians. Probably there is not a single class of the population that can be shielded from the effects of the depression except through a cure of the depression itself. There is not a single class of the population which, if taken by itself, could not be shown to be in an utterly damnable fix. Half the laborers of the whole nation are in an utterly dependent position. Most of the middle classes of the cities—the clerks and professional people—have seen all their savings vanish just as many of the farmers have seen their homes slip from under them. A great many concerns in the business community are in bankruptcy. Now, how can we regulate production and distribution in such a way as to get out of this mess? That is the problem.

A number of things have been tried. The NRA has helped some people. It has helped the lowest wage groups. It has hurt others. It has hurt the higher paid workers, for example, by raising prices of the things they buy without giving them higher wages. Perhaps in the long run it will help the higher wage groups and the farmers and all the rest of us by adding to the total consuming power of the nation, thus increasing demand for all goods, including agricultural products. None of us knows what the final effect of the NRA will be any more than we know what the final effect of the agricultural act will be. Meanwhile, we are all in the same boat together and it would hardly benefit any of us to rock the boat.

## Glorifying Gangsters

The Seattle *Journal of Commerce* broaches a subject of vital interest to the welfare of the United States when it states what it considers to be one of the fundamental causes of racketeering. Its recent comment on the reasons underlying the existence of gangdom follows:

When the movies quit putting gangsters in hero roles and when magazines and newspapers stop publishing stories in which big gang leaders are given glamorous personalities instead of being pictured in their true colors—the color yellow—the youngsters will not be so eager to imitate them.

But, of course, it all comes back to the public. For if the gangster pictures and stories did not go over so well, they would pass into oblivion, along with the gangsters themselves. Until the public gets tired of glorified thugs, big and little, rackets will continue to be interwoven with American business and politics.

## The Government on Banks

With the government's recent announcement of a plan whereby closed banks will be opened and depositors partially repaid and with the inauguration of the bank deposit guaranty program January 1 next, the following excerpt from a Los Angeles *Times* editorial is timely because of the fundamental issues that it raises:

The power of the administration for forcing reorganization and merging of banking institutions, under the new bank act, is probably sufficient to guard against such contingencies (the reopening of unsound and mismanaged banks by means of government loans) if it is wisely used. Bank deposit guaranty, however, introduces a new feature into the situation, which requires extra care in the administration lest it prove a failure, as all such plans have been in the past. To the extent that it restores public confidence, guaranty may be useful, particularly at this juncture; but to the extent that it makes good banks responsible for the liabilities of mismanaged ones it is at least potentially dangerous. It goes without saying that government money used in this plan must be adequately secured. These are loans and not gifts.

## Education and Industry

The New York *Times* recently published an editorial on the emergency in industrial education which has occurred now that child labor has been abolished by the industrial codes. The National Child Labor Committee and the New York State Education Department are attempting to meet the situation which has arisen due to the fact that children of school age have been removed from the factories. The *Times* comment is as follows:

Meeting this emergency should be but a preparation for a continuing and comprehensive program. The spread in the time of adequate preparation for taking up the work for which the individual is best fitted has been increasing in recent years. Not only has the day of apprenticeship "as a major factor" in education for life passed, but the jobs available for children leaving school have become "increasingly non-educational." That the representatives of industry are moving together in this most important period of transition from school to lifework is a promising and significant step. It is time to be thinking even now of the additional millions who will next spring be coming out of the elementary and secondary schools, the colleges and universities with no certain prospect of employment. Meanwhile older youth and even adults have benefit at least of the reduction in child labor.

## Crop Destruction

The present agricultural policy of various governments is the object of sharp criticism on the part of the Winnipeg *Free Press* which fails to see how we can hope to



—Brown in N. Y. Herald-Tribune

IT'S THE N.R.A. AGAINST THE B.B.W.

have prosperity by means of crop destruction. The *Free Press* doubtless expresses the views of many people when it declares in a recent editorial:

In the United States, the government is paying its farmers a bonus to plow their cotton crops back into the ground, and to take their acreage out of wheat and corn production. . . . Canada has entered an agreement of some sort to curtail her exports of wheat to foreign countries. . . . Everywhere it is the same. The nations are going to recover by throwing their substance into the fire. . . . There is such an abundance in the world that it has become a pest and a nuisance and is being destroyed in mountains by government enactment, to bring prosperity back again.

What is the next "inevitable" step? After the violation of nature there comes ruin. The organized destruction of human subsistence leads on to the organized destruction of human life. This would seem to follow from the logic of the situation. In earlier times the holocaust of food which is now proceeding would have been deemed cause for the vengeance of heaven falling as a judgment on the human species.

## The New Deal and the Press

Mr. Frederick William Wile, writing in the Washington *Star*, tells an illuminating story about President Roosevelt's attitude toward criticism of his program by the press:

Hitherto undisclosed views of President Roosevelt on criticism of the new deal were narrated in Chicago the other day by Marlen E. Pew, editor of *Editor and Publisher*, at a convention of Sigma Delta Chi, college journalistic fraternity. To a group of newspaper men at the White House, Mr. Pew said, F. D. R. stated he was dumfounded by the almost unanimous support given to his program by the American press. The president graciously acknowledged this as of infinite value to the administration and the country, then added: "But there is a fly in the ointment, gentlemen. Where is your criticism? You know the government can make mistakes, and this program is too vast an undertaking for any one man or set of men to be sure of. We are certain to make blunders. I rely on you newspaper men to check us. If you see us going wrong, for goodness' sake, sing out about it. There is no kindness in flattering a wrong cause. I want your criticism as well as your support. It is the best kind of backing, and the only request I make is that you be prompt about it."

In our society we go along with one foot in an aeroplane and the other in an ox-cart and expect the system to work.

—Harry Elmer Barnes.

The question of the moment is whether the Blue Eagle will lay an egg.

—H. I. Phillips

Troubles are like babies; they only grow by nursing.

—Douglas Jerrold

The indications are that the German "election" will result in putting a man at the head of the government whose name begins with H.

—Washington Post

Science says the mocking bird can change its tune eighty-seven times in seven minutes. There are several political birds who will regard this record with envy.

—Philadelphia BULLETIN

A detective magazine article says it is impossible for any man to disappear without leaving a trace of his whereabouts. Well, what about John Garner?

—SOUTHERN LUMBERMAN

A speaker says the world needs more ideas; but more important is the education necessary to understand the ideas that have already appeared.

—Sioux Falls ARGUS-LEADER



## Practices of Fascists Indicted by Writer

John Strachey, in "Menace of Fascism," Sees Further Spread of System

JOHN STRACHEY, author of "The Coming Struggle for Power," has written a book on Fascism as it is seen by a Communist theorist—"The Menace of Fascism" by John Strachey. (New York: Covici, Friede. \$2.25). Mr. Strachey has this to say in definition of Fascism:

We must define Fascism as the movement for the preservation by violence, and at all costs, of the private ownership of the means of production. This and nothing else is the real purpose of Fascism. When we understand this, everything else in the apparent madness of Fascism becomes comprehensible. Fascism will try to destroy in war our marvelous powers of production, and to crush democracy, pacifism, and internationalism, because these things are becoming incompatible with Capitalism. Fascism is the enemy of science, of rationalism, of educational progress for the same reason. Fascism kills, tortures and terrorizes in defense of the right of capitalists to keep the fields, factories and mines of the world as their private property.

The strength of Fascism lies in the fact that it promises order and stability at a time when people are longing for just those things. But when we examine the means by which this order and stability are to be obtained, according to Mr. Strachey, we find that the Fascists offer nothing except the subjection of the labor movement to the state. They deny to the workers the right to strike, but do not secure a planned society. They do not take from business interests the privilege of running their concerns practically as they see fit. Mr. Strachey says that such is the situation in Italy. Fascism there, he declares, has not brought greater stability. The Italians have suffered from the depression just as other countries have suffered. The difference is that the large business interests are protected against demands which the workers might make.

Mr. Strachey makes a great deal of the fact that Fascism rules through violence. The book opens with a chapter full of illustrations of Fascism violence. The reader is thereby given the impression that Fascism is a very ugly thing before he has had an opportunity to make an investigation of it in the pages which follow.

The author of this book thinks there will be a drive for Fascism in Great Britain and in the United States. He feels that the NRA may be a step toward Fascism though he adds that "it would be wholly premature, at any rate from the information available in Britain, to come to any fixed conclusions on the relation of the present American situation to Fascism."

"The Menace of Fascism" is worth reading. As an attack upon Fascism it commands respect. It asserts many challenging facts. But the reader who wishes an unemotional appraisal of Fascism, its theory and its practices, from the pen of an impartial and detached investigator, will have to look elsewhere.

### Short Stories

"No More Trumpets" by George Milburn. New York: Harcourt, Brace. \$2.50.

GEORGE MILBURN ranks as one of the foremost short story writers in the United States. He specializes in that satiric humor which has been characteristic of such writers as Sinclair Lewis and Ring Lardner. While this similarity may

be drawn, however, Mr. Milburn stands on his own feet. He has something to say and says it well. He is concerned chiefly with stupidity and injustice, neither of which he can condone. This facts lends bitterness to his writing, but with it are linked a genuine sense of humor and a deep understanding of the characters about whom he writes.

Some of Mr. Milburn's best stories have been collected in this volume. A number of them have been included in various anthologies and have been cited for their special merit. One, "A Student of Economics" is, we think, an exceptionally good picture of contemporary college life. But it is hard to single out any story as being the best of the lot. They are all far above the average.

### Deep River

"Hudson River Landings" by Paul Wiltach. Indianapolis: Bobbs-Merrill. \$3.75.

"HERE is the story of the Hudson," to quote the first sentence from this latest book by Paul Wiltach, an author whose earlier descriptions of tidewater Virginia and Maryland won for him many readers. It was up the deep Hudson that Robert Fulton, one August afternoon in 1807, piloted the steam-propelled "Clermont." "Fulton's Folly," the thousands who lined the shore to jeer called it, but they went away in amazement after having witnessed the birth of a new era in water transportation. And it was on the banks of the same river that the first American locomotive was made to operate. Here too, along the whole Hudson River valley, some of the most colorful events of the American Revolution took place—the exploits of Mad Anthony Wayne, the treason of Benedict Arnold, the execution of Major Andre.

Mr. Wiltach has gathered all this and an abundance of other material within the covers of his book. We visit the region made famous by the "Legend of Sleepy Hollow" and "Rip Van Winkle"; we see the birthplaces of three presidents—Martin Van Buren, Theodore Roosevelt and Franklin D. Roosevelt; and we run across a host of other names familiar in the annals of America's past. "Hudson River Landings" provides an entertaining study of the history of an important section of the country. A number of excellent illustrations add to the interest of the text.

### Mormon Country

"The Proselyte" by Susan Ertz. New York: D. Appleton-Century. \$2.50.

IN her latest novel, Susan Ertz has chosen one of the most dramatic episodes in American history as her central theme—the migration of the Mormons to the Rocky Mountains where they built a commonwealth in Utah. The particular fea-

ture of this drama developed by Miss Ertz is the missionary activities of the church in various parts of the world. The hero of this novel is a young Mormon missionary, Joseph Hewett, who converts a young Englishwoman, Zillah Purdy. After their marriage, the two young people travel to Utah where the bulk of the story unfolds. Here we have a picture of Utah in the days of Brigham Young and the building of the Mormon theocracy. The trials and tribulations of the young couple in the peculiar background form the nucleus of the plot. The story on the whole is vital, adequate and well executed. Miss Ertz displays a deep familiarity with Mormon history and doctrine and a fairness and objectivity which make the book valuable not only as the utilization of an unexplored terrain in fiction but as a commentary of an epic of American history.

### New England Town

"Bonfire" by Dorothy Canfield. New York: Harcourt, Brace and Company. \$2.50.

DOROTHY CANFIELD kindles a bonfire in the little Vermont village of Clifford, watches it run along "The Street" and then sets down a picture of what remains after its passing. In this chronicle of typical village life, each character stands out as a living moving being, sketched with faithfulness, some wit, and often a bit of humor against the landscape and its seasonal change of appearance which Dorothy Canfield prepares so completely and artistically as the back-drop.

A scandal and threatened murder result in the marriage of Anson Craft, promising young doctor of Clifford, to a fascinating but wild kind of little waif who has been rescued from the lawless Searles Shelf, by the visiting nurse, sister to the doctor. All seems well for a time with the marriage, but when the ardent Lixlee discovers that there are times when the urgent demands of a doctor's profession must interfere with his devotion to his wife, she persuades herself that Anson no longer loves her. And thereby begins the bonfire which touches not only the life of her husband, but more than a few lives up and down "The Street."



DICTATOR—SYMBOL OF FASCISM

(From the jacket cover of "Romance of a Dictator" by George Slocome. Houghton, Mifflin.)

## FROM CURRENT MAGAZINES

"Can Democracy Survive?" by F. C. S. Schiller. *The Nineteenth Century*, October, 1933. A democratic form of government can succeed only if there is active, intelligent interest in all public problems on the part of the public. So long as the public permits itself to be led by the political bosses who show no grasp of fundamental economic problems but who are led by special interests, democratic forms are a mere farce. Primarily, the masses must want good government and show a definite interest in politics.

"Sweden: Where Capitalism Is Controlled," by Marquis W. Childs. *Harpers*, November, 1933. By the process of regulating and modifying the policies of *laissez-faire* capitalism, Sweden stands today about halfway between the United States of 1929 and Soviet Russia before certain recent alterations of Communist policy. In many fields of economic activity, the state itself has entered, while in others co-operative societies, representing the consumers' interests, have taken over the manufacture and sale of goods. The results of this controlled capitalism in Sweden have been satisfactory. The standard of living is the highest in Europe and probably higher than that of the United States.

"Withdraw from Europe," Editorial. *The New Republic*, October 25, 1933. Because of the recent events in Europe war in the near future has become a definite possibility. In this dilemma, the United States should be careful not to align itself with either side but prepare to adopt a policy of strict neutrality. President Roosevelt's instructions to Norman H. Davis are a proper step in this direction since they have committed the United States not to participate in discussions involving the European political situation.



THE FIRST LOCOMOTIVE ON WHEELS IN AMERICA

(From "John Stevens, an American Record" by Archibald Douglas Turnbull, reproduced in "Hudson River Landings.")



## U. S. System of Broadcasting Versus British System to Be Widely Debated

One subject beyond the realm of recovery and reconstruction that is certain to come in for its share of discussion during the current year has to do with radio broadcasting as it is found in America. Debate associations have chosen to dissect it in the academic forensic contests of the year, and hold up to it the British system for the sake of comparison. The moving spirit back of this decision has been the National Committee on Radio in Education, representing a group of educators who are also appealing to Congress to make a special investigation of radio at home and abroad.

### "Hands Off" Policy

Broadcasting as we know it in this country is a product of the traditional faith in the "hands off" principle of social and economic development. It is not the result of conscious planning. It has just grown up. When, a few years ago, science presented to the world the radio, with all its vast possibilities for the dissemination of thought or culture or propaganda or entertainment or ideas, good, bad, or indifferent, the manner in which the gift was to be used remained for a while undetermined. Who should decide what messages should be flashed through the ether to audiences of millions? Who was to decide what kind of music, what sort of entertainment should be brought to the millions of Americans? The government did not say. The people acting through their representatives at Washington did not speak. Yet someone had to decide what programs the people should hear and, what was more immediately important, who was to pay for them.

Of course, we know now what happened. The advertiser stepped into the breach. He would use the radio as a means to call the attention of the nation to his wares. He would furnish programs at his own expense so as to render more palatable the doses of advertising he would measure out. He would pay for the entertainment, the amusement, the instruction, the people of the nation received on the waves of the ether just as he paid for the entertainment, the amusement, the information they received in the magazines and newspapers.

And so it came about that the American people found themselves, after a while, listening to programs furnished them by the great business companies which advertised on a national scale. This procedure, however, did not apply to all programs. Certain hours were reserved by the National Broadcasting Company and the Columbia

Broadcasting Company, the two large corporations which, with their networks, serve the stations of the country. The programs for these hours are supplied by the companies themselves, but at most any time of the day, whichever way one may turn the dial, he hears a program selected for him and presented to him by some purveyor of tooth paste or cigarettes or breakfast foods or motor cars.

### Advantages

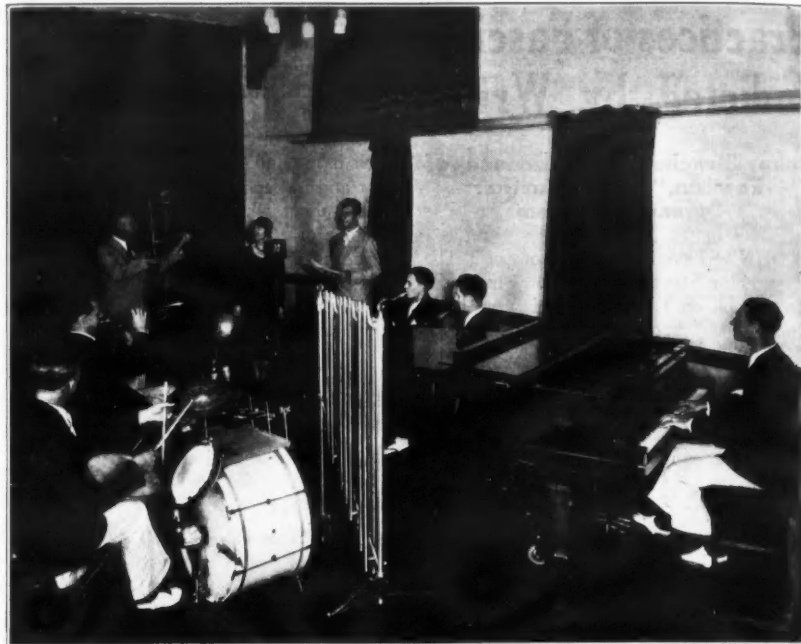
This system undeniably has its advantages. There are a great many of these national advertisers. They pay tremendous sums for the privilege of being on the air and for the talent which they employ to regale the public. They are very anxious, indeed, to get results. It is essential to them that people listen to their programs. They are in competition for the ears of the public. Hence, they try very hard to find out what the people want and they give them just that. The result is that we do have a variety of content in our programs. We have the benefit of the best efforts of clever men and women who are sitting up nights to devise means by which our various appetites may be satisfied. Unquestionably we would lack this variety were broadcasting a government monopoly.

But a statement of the advantages derived from an advertiser-controlled system of broadcasting points also toward the weakness of such a plan. The advertiser who pays for the program is concerned with what the greatest number of potential listeners may demand. He has no interest in educating the public taste and he is not likely to meet the demands of those with educated tastes when the greater number of listeners prefer a brand of entertainment which is less highly refined.

Another weakness, and this is one which large numbers of people find exceedingly irritating, is the interjecting of dissertations upon the products of the advertisers along with the programs. There are many people who do not like to settle down to enjoy a symphony concert only to find the concert frequently interrupted by explanations of the superior quality of some brand of soap or coffee.

### British System

Perhaps the average radio listener does not stop to inquire whether the system of radio broadcasting which prevails is the best of all possible systems. It is likely that he takes it for granted as he does the air he breathes, as something which is inevitable and could not be otherwise. But



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THE PROGRAM IN THE MAKING

those who have looked about them and have examined the customs of other countries know that there are conceivable alternatives. They know that England, for example, has quite a different method of radio control and they know that most of the other nations are closer to the English than to the American practice.

The English are not so closely wedded as the Americans are to the scheme of things which is described as *laissez-faire*—the notion of allowing institutions of all kinds to develop without regulation in the hope that they will serve the common good. They take more kindly to the principle of social control. So when they found themselves in possession of the radio and saw the possibilities they made it a government monopoly. They organized the British Broadcasting Corporation, and gave it authority to supply the nation with programs.

In England the advertiser is not allowed on the air and he neither selects nor pays for the speeches or the music which the people hear. The people themselves, or the owners of the radios, pay for the programs which the British Broadcasting Corporation selects and broadcasts. This corporation, the B.B.C., as it is commonly called, does not feel constantly under the necessity of drawing great crowds of listeners away from rival programs. The English broadcasters have three ideas in mind. In the first place, they want to entertain and amuse the whole population; in the second place, they are resolved to give the best class of entertainment, musical and otherwise, to those who are prepared to appreciate it, and incidentally they wish to educate the tastes of people generally; finally, through addresses upon subjects covering many fields, they undertake to furnish information and instruction. They give special attention to the sort of instruction which is needed for intelligent citizenship.

### B. B. C. Literature

The British Broadcasting Corporation has publications which supplement the radio programs and prepare listeners for what they are to hear. *The Radio Times* announces programs a week in advance. *The Listener* contains articles on all sorts of subjects and problems—the ones which are being dis-

cussed over the air. Pamphlets are published dealing with the subject to be covered by lectures. In short, the B. B. C. undertakes to act as a great educational influence. It does not, of course, furnish the radio public of England the variety of alternative programs which the American dial twister has at his finger tips.

### A Comparison

Anne O'Hare McCormick, writing in the *New York Times Magazine*, makes this comparison of the English and American broadcasting systems:

The contention is that the quality of the British entertainment is superior to ours. Of the average quality that is undoubtedly true. I have before me a copy of *The Radio Times*, organ of the corporation, containing a week's programs for the various regions into which the country is divided. Comparing these programs with the American schedule for the current week, it becomes evident that in England there is more chamber music, more serious drama, including Shakespeare and the classics, more literature as such, fewer "educational features," either health talks or courses in musical appreciation such as those given by Dr. Damrosch. The island air is less crowded and the programs have better balance. But also they have less variety, and if the level is higher the high spots are not so high; we have more international broadcasts, grand opera, big orchestras, star performers.

The great difference, of course, is that what the English hear they hear uninterrupted by lyric outbursts in praise of somebody's coffee. Britain enjoys more adult entertainment and freedom from ballyhoo. But with all our juvenilia, sales talk and business control, we actually have more freedom from censorship.

I doubt whether Americans would prefer the British system and whether our wider and less homogeneous audience would like the higher but less exciting level of the overseas broadcast. There is plenty of evidence, however, that the American audience is dissatisfied with what it gets. If the American broadcasters wish to avoid a change in their present independent status, perhaps a modification of the system leading to more government regulation, even to government operation, they must recognize that the level of the average program is below the average intelligence, however immature we are supposed to be, and that there is a rising revolt against the constant increase of sales talk and selling contests on the air channels.

### Reference

In view of the fact that the American broadcasting system versus the British broadcasting system will be widely debated in high schools and colleges during the current year, we recommend the August-September, 1933, number of the *Congressional Digest* as a complete source of material on the subject. This publication gives a factual background of the set-up of each system, arguments for and against each, and what Congress has done in the way of radio legislation. In addition, there is appended a short selected bibliography. This issue of the *Congressional Digest* can be obtained for fifty cents by writing to the Congressional Digest, Munsey Building, Washington, D. C.



—Photo by J. G. Allen

THE PROGRAM IN THE HOME



## President Sets Forth New Monetary Plan

(Concluded from page 1, column 1)

It is understandable, then, that the farmers should be showing signs of dissatisfaction. As a matter of fact, their dissatisfaction has taken a somewhat violent form in certain places. In North Dakota the governor has issued a decree forbidding the shipment of wheat out of the state. The National Farmers' Holiday Association, numbering, it is claimed, 2,000,000 farmers, has proclaimed a strike by which farmers are called upon not to sell any of their commodities and not to buy any goods except necessities. Some of the farmers are complaining not only because of the lowness of their own prices but because of the increases in the prices of the things they buy. And for these increases they blame the NRA.

There are signs of impatience with the NRA in other quarters. Many small business firms are being hurt by the NRA rules, so it is claimed. The charge is that these little shops cannot pay the wage scales demanded by the NRA and cannot maintain hours and other conditions which some of the codes prescribe. These small firms are therefore threatened with bankruptcy. There are widespread charges that the NRA rules have led to an increase of prices and that because of the increased prices people generally find themselves unable to buy as much as they were able to buy before the NRA went into effect.

Still another complaint about the way things are going has been heard from business men and investors. If business is to advance at all, it is necessary, of course, that people who have money to invest should lend it to those who wish to carry on business undertakings. But many investors have hesitated to put their money to work. They are complaining against the uncertainty as to what the government's monetary policy will be.

If a man is going to put up a new building or buy more machinery, or make some other investment from which he will derive an income for a number of years, he needs to know how much money it will be worth during the months and years to come. If he is going to lend money for a long period of time he wants to know

how much the money will be worth when he is paid back. It will make a difference to him, then, whether there is to be inflation with high prices, or whether there is not to be. But he does not know what to expect. There have been many questions as to what the money policy of the government would be, whether there would be inflation or whether there would not be inflation. But these questions have not been answered, so there is uncertainty in business. Loans have been withheld and many industries are standing still for that reason.

### The President's Speech

Such, in general, was the situation when the president delivered his address to the American people a week ago Sunday night. Let us see now how he met that situation. Here is an outline of his more significant statements:

1. Last March 13,000,000 people in this country were unemployed. Of these, probably 10,000,000 were seeking work and could not find it. Since March 4,000,000 have been given employment; or in other words, forty per cent of those who were seeking work have found it.

2. Though several millions have gone back to work many people will be in need during the winter and greater sums than before are being spent for relief.

3. The president has requested that foreclosures on farms and chattels and homes be delayed until full opportunity is given for loans to be made through the various agencies which the federal government has set up for that purpose. Any family in the country about to lose a home, or chattels or farm, was advised by the president to telegraph at once either the Farm Credit Administration or the Home Owners Loan Corporation.

4. Of the \$3,300,000,000 appropriated for public works, \$1,800,000,000 has already been set aside for building projects which the federal government will carry on. Three hundred million dollars more has been made available for public works carried on by states, municipalities and private organizations such as those undertaking slum clearance. A little more than \$1,000,000,000 remains and it will be turned over for use in public building as soon as suitable projects are found.

### Farm Prices

5. Farm prices are not as high as they

were in July but they are a third higher than they were a year ago. These prices are, however, not high enough and the president promises definitely that they will be increased. He says: "If we cannot do this one way, we will do it another. Do it, we will."

6. The NRA has abolished child labor. It has increased wages of those who were very poorly paid. The NRA is sometimes blamed, says the president, for having failed to raise prices of farm products. However, it has nothing to do with prices of farm products. It is designed to reduce unemployment

and increase purchasing power by changing wages and hours of labor in industrial establishments. It does not apply, with certain exceptions, to rural communities or towns of less than 2,500 population.

7. The government will soon spend \$1,000,000,000 to make available to depositors money which is now tied up in banks which have been closed since January 1, 1933. A deposit insurance plan goes into effect on January 1 insuring all deposits up to \$2,500.

8. We come now to an important declaration of monetary policy. The president intimated that the gold content of the dollar would eventually be changed, but not at present. He will wait until the dollar reaches the value which he thinks it ought to have. First, there will be an attempt to raise prices, or, in other words, to cut the value of the dollar. And when prices have been raised to a suitable level; or in other words, when the value of the dollar has depreciated to a suitable level, the gold content of the dollar will be fixed.

### A Managed Currency

The president declares that we are moving in the direction of a managed currency. The government will buy gold at a value which it will fix. The value of gold in terms of dollars will therefore be fixed by the government. Presumably the government will pay more for gold than is now being paid. It will raise the price of gold. In other words, it will bring about a condition under which a dollar will exchange for less gold than at present. This means, presumably, that the dollar will be less valuable than it is now after the government's gold purchases get under way. If the dollar is less valuable it will, of course, buy less. If a dollar buys less than it is now buying, it means that the prices of the things bought will be higher. A thing which one can buy now for a dollar will perhaps exchange for \$1.25 or \$1.50, or possibly \$2.00. To put it another way, prices will be higher. This, it appears, is one of the means by which the president plans to bring about higher prices.

After prices have reached a satisfactory level, the plan is to make them stable at that point. That is the goal of a "managed currency." The president hopes to fix the value of the dollar in terms of the goods it will buy. In other words, we will have a dollar based upon commodity prices. The managed currency aims to readjust the value of the dollar from time to time, so that commodity prices may be maintained at the desired level. The president believes that the price level which prevailed in 1926 is normal. Those who are acquainted with his plan say that when prices reach that 1926 level, it will



THE GREAT DIVIDE

—Fitzpatrick in St. Louis POST-DISPATCH

be time to put the managed currency into effect. If the theory works correctly, the dollar from that time onward will buy almost exactly the same amount of goods at all times. This would eliminate the uncertainty which results from changes in the purchasing power of the dollar.

This plan for a managed currency is very complex. It is hard to understand and it is hard to explain. Our leading experts on prices and money cannot tell certainly at the present time whether we can reach the desired price level within the next few months through the means outlined by the president. They disagree as to the possibility of maintaining that level through the managed currency idea.

Because the entire problem and its probabilities are not yet clear, the events of coming weeks will be highly important and interesting. We shall continue our studies and observations on this question carefully, so that we may be able to report and interpret the monetary situation in future issues of THE AMERICAN OBSERVER.

### N. R. A. DEVELOPMENTS

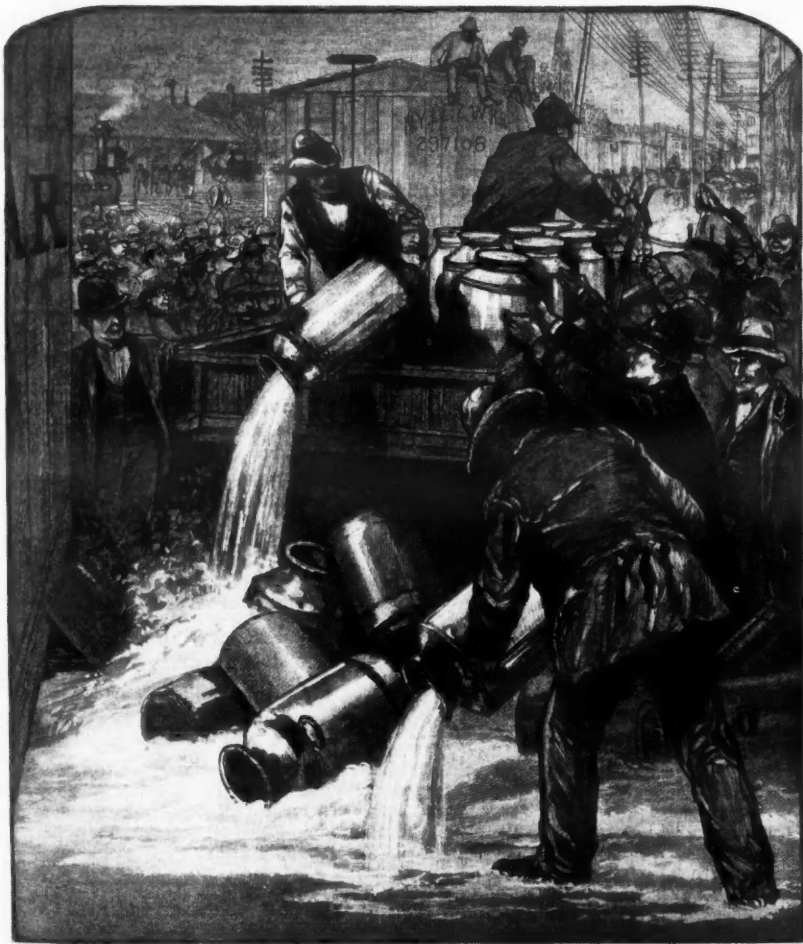
(Concluded from page 8, column 4)

tion of the workers with the way in which employers were operating under the codes. The labor board, under Senator Wagner, has acted as an umpire in these disputes.

One of the most serious strikes settled by the board was that in the mills of the Weirton Steel Company in West Virginia. The striking workers stated they had been forced to join a "company union," which did not represent them properly in collective bargaining. The right to collective bargaining by unions of their own choosing is guaranteed to the workers under the steel code. By bargaining as a group for what they want in wages and hours the laborers can employ more unity and strength than they could exert singly. The head of the steel company declared that the employees had not been forced to support the company union. The strike was settled by the board with the following provisions:

1. The strike was to be ended immediately. 2. The workers were to be allowed to come back to their jobs without interference. 3. Employees of the company were to hold an election under the supervision of the National Labor Board. The election would select representatives who would carry on collective bargaining with their employer.

This agreement is typical of the manner in which the National Labor Board has acted to iron out severe labor troubles under the NRA. It is part of the enforcement machinery which is attempting to secure obedience to the NRA from employers and workers alike.



A MILK STRIKE IN NEW YORK FIFTY YEARS AGO

It was similar agitation by American farmers which led to President Roosevelt's recent monetary declaration.

—Culver Service





# Week by Week with the N. R. A.



## Studies of the Government in Action



THE most significant development in the NRA last week was the joint announcement by President Roosevelt and General Johnson of the penalties which might be used to enforce the industrial codes. With more than sixty of our largest industries enrolled under the Blue Eagle, the problem of enforcement requires added attention. More and more codes are being completed by deputy administrators each week. What is to be done with the employer who has signed a

some instances to the point where they were unable to operate at a profit. If that is the case with an individual merchant or manufacturer, he has the right to ask his local compliance board for some exception to the rules.

Sometimes the local board cannot reach a settlement. In that event the matter is carried to national NRA headquarters. If it is found there that the owner of a business has willfully disregarded the industrial agreement, General Johnson may take

paper stories regarding last week's announcement will serve to keep signers of codes in line. If complaints of violations continue, it is likely that the administration may use the legal strength at its command to make an example of one or two guilty employers.

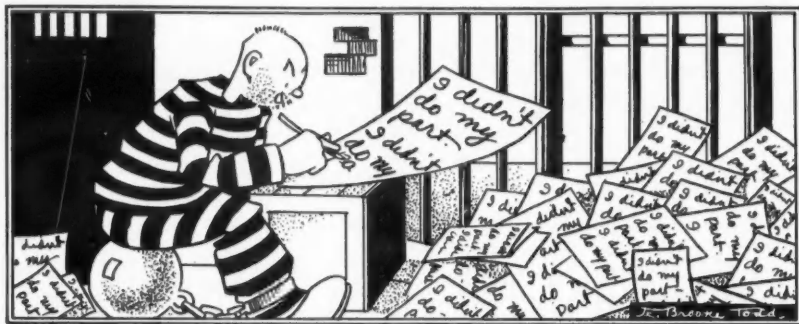
There is still another step which the NRA could take for enforcement. That is the licensing provision. Under the recovery act, it is possible for the government to grant the right of operation to a business only upon compliance with code provisions and NRA orders which have been agreed upon. Thus a coal mine operator could not run his mine without a license granted by the NRA. The license would not be granted unless he complied with the code for the coal mining industry. This licensing authority has not been utilized. It will not be exerted until all other attempts at enforcement have failed—perhaps not even then. However, it remains a valuable "big stick" to hold over the heads of those who oppose the program.

### The Retail Code

Last week on this page we described the retail code and its price-fixing provision. This code has just been signed by President Roosevelt. Before approving it the president was very anxious to determine the effect which the fixing of minimum retail prices will have upon all classes of our people. Farmers' and consumers' representatives feel that the retail code in its present form would make the prices of commodities too high for the average pocketbook. Farmers complain that there is too great a difference between the prices they get for their produce and the amounts they must pay for what they buy.

with assurance. Last week President Roosevelt called a number of the leading figures in the governmental picture to the White House for a conference on the retail code. In the group were Secretary of Agriculture Wallace, Secretary of Labor Perkins, Donald Richberg, Mrs. Rumsey, William Green, president of the American Federation of Labor, and George Peek, the agricultural administrator. Walter Teagle and Louis Kirstein, members of the NRA Industrial Advisory Board, also attended. For four hours they presented their views to the president. At the end of that time, without having taken time to eat lunch, they finally adjourned. But no statement was made about the fate of the retail code. This particular code was delayed again and again; it was begun in August, and sections of it were written and rejected several times. The final action taken by signing it is extremely important, for the code will affect our entire population.

In its final form, the retail code contains several amendments made after it reached the president's desk. Stores in towns of 2,500 people or less are exempted from the code, if they employ fewer than five persons. Chain stores in these towns are not exempted, however. The reason for this amendment is that many small retailers might suffer from the added costs resulting from the code, and their selling prices might be too high. This is especially designed to allow lower prices to the farm population which surrounds small towns. Another change was made in regard to "loss-leaders." The new provision states that no retail goods may be sold below cost, including a small allowance for the storekeeper's labor. As it stood before, this section required that selling price must



SEVERE PENALTIES ARE THREATENED FOR CODE BREAKERS

code and who displays his Blue Eagle, while at the same time failing to comply with the code provisions? It may be that he pays his employees less than the proper wages; he may force them to work longer hours than were provided in the code. Such an employer may defeat the purpose of the recovery act by breaking the rules and using pressure on his workers. He may tell his employees that they will lose their jobs if they protest his actions too much. It is this type of business man which General Johnson calls a "chiseler."

### Enforcing the Codes

There are not many of these chiselers. The NRA has tried to emphasize in code hearings and through the enforcement bodies the spirit of cooperation and voluntary action. The business man, the laborer, and the consumer were expected to understand the need for greater control in industry. Then they were asked to work out a mutual plan and stick by it. Many of the employers who signed codes have furnished this cooperation. It is only the few who chisel. Donald Richberg, the NRA counsel, has estimated the number at less than ten per cent. But it is these few who make enforcement necessary.

Local compliance boards have been set up all over the country to handle complaints and to settle local disputes. These boards, composed of business men, workers, and consumers, consider all NRA problems in their communities. When a complaint is made, for instance, that a certain restaurant owner is not playing the game fairly, the local board listens to both sides of the case. There are two sides. For many small business men have found it extremely difficult to live up to NRA requirements. Their costs have risen in

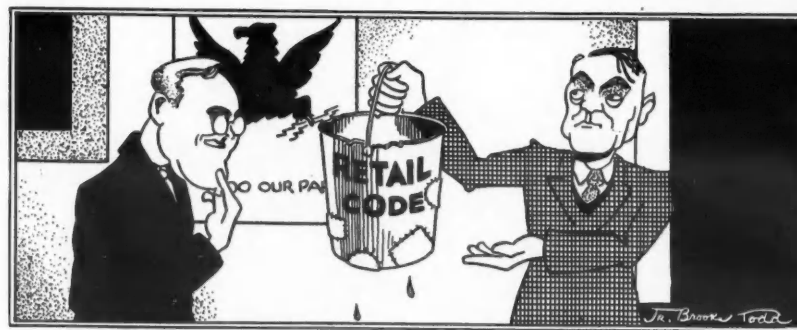
away his Blue Eagle. In this way the owner may lose the support of public opinion. His business may suffer.

### Breaking the Rules

Enforcement of this kind is made necessary because the code violator is taking an unfair advantage. His competitor, two blocks down the street, may be living up to the letter of the code. The costs of the chiseler will be lower, and he can sell his goods at a lower price than the man who stands by the agreement. It is this sort of destructive competition which the NRA aims to prevent. If it does not stop such practices—in other words, if it is not enforced—we will have accomplished very little toward recovery.

Apparently the NRA officials feel that the local compliance boards have not been able to end abuses. Neither has the threat of taking away the Blue Eagle. Therefore, they must take more drastic steps to insure compliance. It was for this purpose that President Roosevelt announced last week that those who violate the code regulations may be punished by a \$500 fine or a jail sentence of six months or less, or both the fine and imprisonment. The industrial codes, once they have been approved and signed, become laws. The man who breaks these laws may be indicted and prosecuted in a federal court. It is that power which stands behind the statement made by the president.

So far this power has not been used. Only in two or three cases has General Johnson ordered the removal of the Blue Eagle. But it is expected that the news-



AT LAST, IT'S FIXED!

The great majority of retail merchants believe, however, that the price-fixing section of the code is necessary. They think it will prevent price wars in the retail trade. They think it will lessen the enormous number of failures which have occurred annually in that field.

It is these conflicting claims which must be weighed before the code could be signed

be cost plus ten per cent. This difference is also a price concession to farmers and other consumers.

### Strikes Halted

The National Labor Board has achieved considerable success in ending strikes recently. Through its efforts compromises have been made; employers have agreed to some labor union demands, and union workers have returned to their jobs. Most of the strikes were caused by dissatisfaction

(Concluded on page 7, column 4)

## Something to Think About

1. Analyze the present business situation in the United States, listing aspects of it which are favorable and those which are unfavorable.
2. If you live in an agricultural community, talk to several farmers and find out what they think of the advisability of a farm strike. If you live in an industrial community, talk to several business men and find out what they think of the way the NRA is working.
3. How might a farm strike be helpful and how might it be hurtful to farmers? to the rest of the country? Do you agree with the statement that the Roosevelt administration has not been inattentive to the farmers' grievances?
4. Make a list of the achievements of the Roosevelt administration to date. Has the administration fallen short of reasonable expectation? If so, in what ways?
5. What parts of President Roosevelt's radio address could be described as an answer to complaints of the farmers? Do you think that the farmers should be satisfied?
6. Statement Number One: *The fact that Russia will apparently be recognized by the United States government without much opposition indicates that the American people have changed their minds on the question of recognition and that they were probably wrong in their earlier attitude.* Statement Number Two: *Recognition of Russia at this time would indicate, not that our government was wrong in its former position or that its*

*policy has changed, but rather that conditions have changed.* Which of these statements is correct? If you say that conditions have changed, do you mean conditions in Russia or conditions in the rest of the world?

7. What concrete benefit, if any, do you expect from Russian recognition?

8. Would you like to see the British plan of radio broadcasting adopted in the United States? Why, or why not?

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PRONUNCIATIONS: Mikhail Kalinin (mikh'ha-eel'-i as in hit, a as in art; kah-lee'nin); Maxim Litvinoff (max-eem lit-vee'noff); Lenin (len-ee'n); Daladier (dah-lah'dee-ay); Nobel (no-bel'-o as in go, e as in met.)